

Approved: August 20, 2007

Minutes – KHPA Board Meeting of June 19, 2007, Eisenhower State Bldg, 4th Floor Conf Rm B, Topeka KS

Board Members Absent:

- Secretary Rod Bremby
- Ned Holland

All Remaining Board Members Present

Board Staff Present:

- Dr. Marcia J. Nielsen, Executive Director
- Dr. Andrew Allison, Deputy Director
- Scott Brunner, Chief Financial Officer

Legal Counsel Present

- H. Philip Elwood

Guests:

- Aaron Dunkel, KDHE

Call to Order – Welcome by Connie Hubbell, Board Chair

Chair Hubbell called the meeting to order and reviewed today's agenda.

Review and Approval of Minutes. The minutes from the April 17, 2007, KHPA Board meeting had been previously distributed and reviewed by the Board members.

ACTION: A motion was made, seconded and passed to approve these minutes as printed.

Proposed Slate of KHPA Executive Officers and Standing Committees Membership. A list of proposed officers for the KHPA Executive Committee along with the members of the KHPA standing committees was distributed for the Board review and approval. Garen Cox, Chair of the KHPA Governance and Nominating Committee reported that it was the Committee's recommendation to reappoint Connie Hubbell, Joe Tilghman, and Susan Page for another term as the KHPA Chair, Vice-Chair and Secretary, respectively. In accordance with the KHPA Board By-Laws, each will serve for a term of one year. The current membership to the three Standing Committees (Finance and Audit, Human Capital and Compensation, and Governance and Nominating Committee) will remain unchanged.

ACTION: A motion was made and carried to approve the slate of KHPA Officers, for the reappointments of Connie Hubbell, Joe Tilghman, and Susan Page.

ACTION: A motion was made and carried to ratify the membership to the three Standing Committees as follows:

- Finance and Audit Committee: Ned Holland, Chair; Joe Tilghman; and Secretary Rod Bremby
- Human Capital and Compensation: Arneatha Martin, Chair; Secretary Kathy Greenlee, Dr. Vernon Mills, Dr. Ray Davis
- Governance and Nominating Committee: Garen Cox, Chair; Susan Page, Secretary Don Jordan

Chair Hubbell noted that the Executive Committee had reviewed the proposed slate of officers at its June 7th meeting and recommended Board approval.

Recommendations on Contract Renewal, Retention and Compensation of KHPA Executive Director. Arneatha Martin, Chair of Human Capital and Compensation Committee, reported that it was the Committee's recommendation to retain Dr. Marcia Nielsen as KHPA Executive Director and to renew the contract between KHPA and Dr. Nielsen for the period of July 1, 2007 through June 30, 2008 at the salary level which was discussed and approved during the May 10th Executive Session held by the KHPA Human Capital and Compensation Committee. Chair Hubbell added that the Executive Committee had approved this recommendation at its June 7th meeting.

ACTION: A motion was made to accept these recommendations to renew the contract between Dr. Nielsen,

Agency Website: www.khpa.ks.gov

Address: Rm. 900-N, Landon Building, 900 SW Jackson Street, Topeka, KS 66612-1220

Medicaid and HealthWave:

Phone: 785-296-3981

Fax: 785-296-4813

State Employee Health

Benefits and Plan Purchasing:

Phone: 785-296-6280

Fax: 785-368-7180

State Self Insurance Fund:

Phone: 785-296-2364

Fax: 785-296-6995

Executive Director, and KHPA from July 1, 2007 through June 30, 2008, at the salary level approved by the Human Capital and Compensation Committee; motion carried.

Report on Status of Inspector General Position. Arneatha Martin reported that, at its May 10th meeting, the Human Capital and Compensation Committee also discussed the recruitment process for the Inspector General position. Scott Brunner, KHPA Chief Financial Officer, added that a position description had been drafted and sent to members of a Review Subcommittee which include several members of the Finance/Audit Committee and the Human Capital/Compensation Committee; that the position had been posted with a closing date of Friday, June 22nd; and that seven applications had been received to date. Dr. Nielsen added that KHPA staff have been working closely with the Attorney General's Office, Medicaid Fraud and Control Unit (MFCU) as well stakeholders, in order to obtain additional feedback relating to the responsibilities for this new position.

ACTION: Scott Brunner was asked to send information regarding the current applicants' qualifications and experience to Board members via separate mailing.

UPDATE: Information shared by Scott Brunner on 6-26-07 indicated that the vacancy posting on the State Civil Service Job Listing for the Inspector General position closed on 6-22-07, and that a total of 22 applications had been received. All applicants except two have Bachelor's degrees; there are three applicants who have earned a Juris Doctorate designation; two who have received their Masters in Public Administration; and one applicant who received a PhD. Areas of study for the applicants included: accounting, computer science, psychology, criminal justice, health administration, and education. There were three candidates who have audit experience either in government settings or health care. There were two applicants who are certified law enforcement officers. KHPA is still taking applications from the Institute for Internal Audit website, and those applicants are not included in this count.

KHPA Appointment to Controlled Substances Monitoring Task Force. Chair Hubbell reported that, with the recent passage of Senate Bill 302, a Controlled Substances Monitoring Task Force was created to develop a prescription monitoring program and an electronic purchase log. KHPA is required to appoint one member to the Task Force. There will be eleven members on the Task Force, staffed by the Kansas Board of Pharmacy. Board members were asked to submit their nominations within the next week to either Chair Hubbell or Dr. Nielsen. The KHPA Executive Committee will make the final selection to this Task Force. The deadline for KHPA to submit their selected candidate is mid-July.

Updates/Announcements by Dr. Marcia J. Nielsen, Executive Director

Introduction of new KHPA Program Integrity Manager. Roxie Namey was introduced to the Board members as the new Program Integrity Manager, effective April 2007. Roxie's new role will be to monitor all implementation and on-going activities related to any joint agency program changes which involve Medicaid funding. Roxie has been in the state civil service for over 30 years, with experience in the developmental disability field and most recently in the Medicaid budget and contract monitoring areas.

Announcement – New KHPA Director of Public Policy. Dr. Barb Langner will become the new Director of Public Policy for KHPA effective mid-August. Dr. Langner had been with the agency as a consultant for the past ten months and will now oversee the health reform related research, public policy implications, and oversight of communications and outreach activities. She had been a professor with the KU School of Nursing prior to joining KHPA.

Legislative Issues. Copies of the final summary of all KHPA legislative bills were distributed and briefly reviewed, which outlined those bills passed and signed during the 2007 legislative session. Copies of the testimony provided to the Joint Committee on Health Policy Oversight at the May 31st were briefly reviewed. These documents are also available at: www.khpa.ks.gov. Dr. Nielsen added that KHPA will be providing testimony at the three upcoming Oversight hearing dates which are August 22nd, September 27th, and November 1st.

Update on Health Information Technology. Copies of the **Health Information Exchange (HIE) Initiative Final Report** of February 2007 were distributed and reviewed, along with copies of the **Health Information Security and Privacy Collaboration (HISPC) Continuation Proposal**. Included in this HISPC six-month continuation plan was a recommendation to establish a public/private partnership "Kansas Health Information Exchange Partnership" as well as a proposed timeframe to conduct review of state and federal laws and regulations regarding HIE. Proposed measureable outcomes, timeframes, and resource requirements were also included in this Continuation Proposal. Dr. Nielsen added that the HIE will meet again on June 20th to review on-going HIE efforts and to determine next steps for applying for additional grant monies related to the electronic exchange of medical records. Dr. Nielsen added that the Board members will be asked in the near future to submit its recommendations on these proposals and on the progress of the HIE initiative. It was suggested that more clarity on the overall vision and goals of this initiative be provided in these documents and that this information be shared with the Board prior to their submitting any additional recommendations.

ACTION: Dr. Nielsen responded that she will share these requests with the HIE Commission at the June 20th meeting and report back to the Board.

State Employees Health Benefits Plan Update. The next Health Care Commission meeting is scheduled for June 20, 2007, during which time the health plans for CY 2008 were discussed; the HCC will meet again on July 25, 2007. The bidding period for the new State Employee Wellness contract is now closed, with 23 proposals received from vendors. This new contract includes a combination of wellness and health management program resources and policies. Selection of the final vendor is pending.

Commonwealth Fund – State Scorecard. Copies of the Executive Summary of this report were distributed and reviewed. This report is also available on-line at the Commonwealth Fund website. Copies of the Kansas specific data were made available to the Board members as well. The Scorecard enables states to compare their performance with other states across key indicators of health system performance. This report provided rankings in: 1) Access; 2) Quality; 3) Avoidable Hospital Use and Costs; and 4) Healthy Lives. Dr. Nielsen stated that this study provided pertinent information for the Board as health reform discussions continue.

Robert W. Johnson Foundation/State Coverage Initiatives Project. Dr. Nielsen shared information on an additional grant opportunity related to health reform. Members of the Health for all Kansans Steering Committee will be presented with this information and invited to participate as the Kansas Team. Major goals of the project would be to: 1) provide support to states that are seriously considering substantial and comprehensive health reform; and 2) Develop the capacity of state officials to understand the implications of different programmatic decisions and how those may impact the existing system. The deadline to submit the grant proposal is June 25th.

Report by Dr. Andrew Allison, Deputy Executive Director and Director of Medicaid and HealthWave Programs
Update on Medicaid Managed Care Organizations (MCOs). KHPA staff continue to conduct regular oversight meetings with the new contractors and stakeholders to address on-going operational issues with claims reporting and issues log. A quality oversight plan for the new contractors is being developed which will include an ongoing review of network sufficiency. Education and outreach continues to be a priority for the new contractors, and both companies have continued their recruitment to expand provider networks. A calling campaign to providers is being conducted during the month of June by KHPA to receive updates on any recurring concerns with the new contractors. There have been very few beneficiary grievances, and provider billing issues are resolved in a timely manner so that payment of services can be processed. Both contractors responded very generously to the families of the Greensburg KS after the area suffered tremendous losses early May due to severe weather.

National Medicaid Issues. Copies of the Congressional Update by AHPA and NASMD were reviewed by the Board members. This Update summarized the key health components of the supplemental appropriations for FY 2007 and the budget resolution for FY 2008. Included in the supplemental appropriations bill for FY 2007 were the following provisions:

1. SCHIP Provision - The appropriations bill makes available up to \$650 million for states experiencing a shortfall in federal funds for the State Children's Health Insurance Program (SCHIP) for the remainder of FY 2007.
2. Medicaid-related Provisions – The bill includes a one-year moratorium that prohibits CMS from finalizing or implementing the proposed Medicaid rule that would limit payment to public providers. The bill language also prohibits for one year any regulatory or administrative action from being taken to limit Medicaid reimbursement for graduate medical education (GME).

The FY 2008 Congressional Budget Resolution makes expansion of the SCHIP a priority. It includes a \$50 billion deficit-neutral reserve fund for SCHIP from FY 2007 through FY 2012. Key controversial issues to the SCHIP reauthorization include: a) reform of the allocation formula and redistribution process; b) permitting coverage for parents, childless adults and other optional populations; c) supporting an increase in tobacco tax to offset this cost. The timeframe for making a decision on the SCHIP funding is unclear at this point, as additional markup to this legislation will occur into July 2007.

Status of Citizenship and Identity Verification Requirements. The 2007 legislature approved additional funding for increasing KHPA staffing at the MAXIMUS Clearinghouse site to respond to the tremendous backlog in Medicaid/HealthWave application processing and eligibility determination. As has been reported to the Board earlier this year, this critical backlog occurred due to the citizenship and identity verification requirements now being required of Medicaid applicants. An additional four KHPA staff have been hired to deal directly with this backlog, and a decrease in the backlog of applications is now taking place. KHPA intends to have the backlog eliminated by the end of this year. A summary of caseload changes for Medicaid and HealthWave was distributed and discussed, which outlined the decrease in caseload numbers and percentages from June 2006 through February 2007. As previously reported, this new verification requirement, as part of the Deficit Reduction Act legislation, was implemented July 2007. The caseload summary indicated an 18,000+ decrease in Medicaid/HealthWave applications, for All Races/Ethnicities. Of this total number, there was a 7% decrease for the Hispanic population, and a 93% decrease for non-Hispanics. Of this 93% decrease, 66% were the non-Hispanic Whites population, 20% were the non-Hispanic Blacks population, and 7% were non-Hispanic/other and Multiple races.

Report on Disproportionate Share for Hospitals (DSH). Dialog continues with KHPA, Kansas hospitals, and associations to target DSH hospital payments to those facilities serving patients with Medicaid benefits. Meetings are on-going with an advisory group to include hospitals to develop specific proposals to reform in provider payments. Commissioner Praeger cautioned the Board of the potential backlash by provider insurers depending on the outcome of the payment reform.

Health Care Access Improvement Panel (HCAIP). A HCAIP meeting was held on May 29th attended by a number of Medicaid providers, association groups, and KHPA staff. Dr. Vernon Mills, a current Board member, is also a member of the HCAIP. During this meeting, the members agreed to the accounting methodology used to track funding for provider payments.

Report by Scott Brunner, Chief Financial Officer

Review of Budget Reports. The **KHPA FY 2007 Expenditure Report** which outlined expenditures through May 2007 was reviewed by the Board members. This report included expenditures in the areas of Assistance, Administration, Funding, and the State Employees Health Benefits program. The summary of **Legislative Approved Budget compared to Submitted Budget** was also briefly discussed. This summary identifies the budget requests submitted by KHPA, and the subsequent action by the 2007 Legislature, for the FY 2007 Supplemental Requests and the FY 2008 Enhancement Requests.

Process for Submission of FY 2008/2009 Budget Proposals. Mr. Brunner advised that KHPA budget proposals for FY 2008 Supplementals and FY 2009 Enhancements will be reviewed and approved at the August Board meeting, as the final KHPA budget submission is due to the State Division of Budget by mid-September. KHPA senior management staff will be compiling a list of budget options during July, and Board members were invited to submit budget proposals as well. The targeted areas for consideration will be: Health Reform, Premium Assistance, Data Management, Wellness Initiatives, and Medicaid Payment Reforms. These proposals from both KHPA Board members and staff will be compiled for the Board approval in August.

Action: Chair Hubbell suggested that a copy of last year's budget proposals and cost estimates be sent to the Board members for their review.

ACTION: Mr. Brunner stated that additional guidelines on submitting budget proposals will be sent to the Board in the near future.

SRS New Managed Care Contracts, by SRS Secretary Don Jordan

Secretary Jordan provided the Board with an update on the transition to new SRS contractors for mental health and substance abuse services, to become effective July 1st. An update was also provided on the new screening process for psychiatric residential treatment facilities (PRTF). Medicaid and MediKan beneficiaries needing mental health services will be served through a Prepaid Ambulatory Health Plan (PAHP) contract with Kansas Health Solutions (KHS). Medicaid/Substance Abuse Patient Treatment (SAPT) block grant beneficiaries will be served through a Prepaid Inpatient Health Plan (PIHP) contract with Value Options (VO). Secretary Jordan reported that the SRS Transition Oversight Committee has been in close contact with KHS and VO officials to ensure a smooth transition. Michael Goldberg, new CEO of Kansas Health Solutions, was introduced and provided an update on KHS readiness for the July 1st transition. A number of areas are being closely monitored by the SRS Transition Oversight Committee to include: 1) Provider Recruitment and Training; 2) Prior Authorization Process; 3) Claims Payment Process; 4) Customer Relations; 5) Stakeholders Input. SRS has been working closely with all affected parties of this transition to ensure that implementation readiness issues are identified and addressed prior to July 1st. Board Vice-Chair Joe Tilghman commended Secretary Jordan and his staff for their diligence in making this a smooth transition and thanked them for a job well-done.

Report on Kansas Health Reform.

Report on KHPA Advisory Councils, by Janis DeBoer, Manager

A summary of the recent meetings held by the Advisory Councils (Consumer, Provider, and Purchaser) was reviewed. Common issues and comments were identified in this summary as well. The Councils will meet again in late June to begin detailed work on the health reform options grid and to discuss preliminary planning for an Interim Board Report to be provided at the August Board meeting. A videoconference for the fourth Council (At Large Council) was held in early May, attended by approximately 50 At Large members. The next At Large Council meeting is scheduled for September 14th. A list serve email distribution list is being created by KHPA staff, to provide the At Large members to dialog among the group on health reform issues. The list serve should be on-line by July 1st. All Advisory Councils' meeting materials and updates area available at: www.khpa.ks.gov.

Presentation on the Kansas Uninsured Population, by Dr. Barb Langner

A slide presentation was provided to the group based on research from a Kansas Insurance Department report "Finding and Filling the Gaps: Developing A Strategic Plan to Cover all Kansans". Dr. Langner explained the reliability of the statewide estimates contained in the report, the percent of Kansans who do not have health insurance (10.5%), the distribution of the uninsured across Kansas, the age distribution of the uninsured, the number of uninsured working adults by income level and by industry type, and the percentage of employed Kansans who are offered and accept employer-based insurance.

Health Reform Support by Foundations – Report on Health Reform Consultant, by Dr. Marci Nielsen

Introduction of Foundation Executives. Dr. Nielsen introduced Billie Hall with the Sunflower Foundation, and Kim Moore with the United Methodist Health Ministry Fund. These foundations have provided generous grant resources in order to

fund a health reform economic analysis, to be conducted by an outside consultant. She added that the REACH Foundation has also been a valuable funding resource but unfortunately Brenda Sharp, REACH Executive Director, was unable to attend today's meeting.

Additional Health Reform Resource. Dr. Nielsen referred to the copies of the "Uninsured Report, State of Kansas" by Mercer Consulting as an excellent resource for health insurance information in Kansas and would be very useful in determining health plan designs. The full report can be viewed at the Kansas Insurance Department website: www.ksinsurance.org

Health Reform Consultant. Dr. Nielsen reported that Steve Schramm, Managing Director with SchrammLeigh, is the independent consultant contracted by KHPA to develop an economic analysis which would identify costs and populations covered by the various health reform proposals. This analysis would identify costs to consumers, businesses, government, as well as the numbers of Kansans who would receive access to care with each health reform option. Mr. Schramm will be attending the August 22nd hearing by the Joint Oversight Committee on Health Care, and plans are being made to invite Mr. Schramm to attend the September KHPA Board meeting.

Premium Assistance Implementation, by Dr. Andrew Allison

One of the components included in the passage of Senate Bill 11 was the implementation of a premium assistance (PA) program, which is a phased-in plan to assist eligible low-income uninsured Kansas families with the purchase of private insurance. The implementation date for PA is January 1, 2009 and a number of activities will take place over the next 12-15 months to include: 1) hire additional within the next month; 2) Draft the PA plan design and develop the RFI/RFP for benefit plans for release late Fall 2007; 3) communication and outreach efforts planned for Summer 2008; and 4) beneficiary enrollment to begin Fall 2008. Regular updates on this on-going initiative will be provided to the Board.

Health Reform Plans, by Chair Joe Tilghman, Health for all Kansans Steering Committee

A health reform roadmap was distributed and discussed in detail which outlined initial health reform planning for the KHPA Board. Discussion points for today's meeting included:

- Review demographics of Kansas uninsured
 - Slide presentation presented today on "Uninsured Population of Kansas"
 - Study on Kansas' Uninsured by Mercer reviewed today
- Determine overarching health reform goals - definitions and differences between:
 - universal coverage – individual mandate; achieve estimated 98% coverage of uninsured
 - affordable coverage for all – no mandate, may choose to participate, but may need "trigger" if voluntary participation is not working so that a mandate can be implemented
- Review health reform priorities for 2008 to 2012
 - **Message** on health reform includes: providing and protecting affordable health insurance; paying for prevention and primary care; and promoting personal responsibility
 - **Timeline** for full implementation by end of FY 2012 is possible but dependent upon:
 - Legislative action during 2008, especially in area of funding
 - Complexity of implementation requirements
 - Development of phase-in plans
 - Identifying finance options required by SB 11 – consider tobacco tax increase, create a dedicated funding source as a reserve fund
- Consider health insurance reform design
 - Benefit Plan
 - Affordability
 - Assisting Small Business
 - Sustainability
- Plans to complete health reform grid – Assign policy questions to Advisory Councils for their discussion at June meetings

The following timeline was also reviewed for developing one to three plan models:

1. During June and July, the Advisory Councils and KHPA staff work together to "flesh out" options - continue to work with the health reform consultant on the economic analysis.
2. August 1st – HFAK Steering Committee will meet to receive progress reports on options.
3. August 20th and 21st – KHPA Board will meet to: On Day 1, approve budget proposals and hear reports from the Advisory Council Chairs; on Day 2, rollout of the 1-3 models.
4. August 22nd – Report to the Joint Oversight Committee on Health Policy – Consultant Steve Schramm to attend.
5. During August and September, the consultant will finalize the cost estimates/analysis.
6. During September, final recommendations from the Advisory Councils are prepared.
7. September 25th, KHPA Board will meet to review final options – consultant to attend.
8. During October, health reform presentations are finalized, marketing strategy is finalized, appropriate approvals from CMS are obtained

9. November 1st, final report on health reform is presented to the Joint Oversight Committee on Health Policy. Discussion was held relating to various health plans, mandate options, funding sources, and impact to small business with health reform. Chair Tilghman stated that not all details are needed for the November 1st legislative report and that details on the benefit plans and prevention efforts could be finalized and submitted later. He added that real savings in health reform could be evident in areas of obesity, tobacco cessation, and chronic disease management. Chair Hubbell made reference to the importance of a strong marketing plan for health reform prior to the November 1st report to the legislative committees; she closed the discussion by asking the Board members to return to the August meeting prepared to make some initial decisions on a number of these areas.

Additional Board Issues

Legal Services Contract. Marta Fisher Linenberger, KHPA General Counsel, reviewed the proposed Legal Services Contract between KHPA and Goodell, Stratton, Edmonds and Palmer, for period of July 1, 2007, through June 30, 2008. Chair Hubbell added that the Executive Committee reviewed this proposed contract at the June 7th meeting and recommended Board approval.

ACTION: A motion was made, seconded, and carried to approve the Legal Services Contract as written.

Proposed Change to KAR 129-5-65 and Revocation of KAR 30-5-65. Ms. Linenberger briefly reviewed the proposed regulation changes which related to timely filing by Medicaid providers, as well as the revocation of KAR 30-5-65. These proposed changes were reviewed by the Executive Committee on June 7th and recommended Board approval.

ACTION: A roll call vote was taken by each Board member to approve these changes. These proposed changes were unanimously approved and adopted by roll call vote. There was one Board member absent.

Public Comment Period

- Scott Day with Day Insurance Solutions expressed concerns with discussions being held to mandate employers or individuals to participate in a state-run health insurance plan, as he felt that Kansas already has a healthy, vibrant market. He stated that Kansans will not appreciate employer mandates and that he feared public backlash. He cited concerns with the Massachusetts Health Reform Connector Plan relating to limiting options for consumers, increased premium prices, and increased costs to operate the Connector Plan.
- Dr. Ira Stamm made several brief comments relating to general observations of universal health care.

Adjournment

Next Meeting: Monday/Tuesday, August 20 and 21, 2007, 8:30 am to 3:30 pm at a location to be determined.

Suggested Agenda Items for August KHPA Board meeting

- Review and Approval of FY 2008/2009 KHPA Budget Proposals
- Joint Budget Presentations by Cabinet Secretaries for Aging, KDHE, and SRS
- Health Reform: Reports from Councils' Chairs – Roll-out of Benefit Models – Discuss Funding Sources - Status of Consultant's work
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6-25-07